The Scanlon Plan: Some Organizational Problems

George Strauss and Leonard R. Sayles*

For the student of industrial relations, the Scanlon Plan is one of the most promising approaches yet suggested to the problems of obtaining industrial peace and higher production.[1]

For the general student of organization, the Scanlon Plan is a unique attempt to solve some of the more difficult problems of applying democratic leadership to large organizations. To date most of our thinking and research in the areas of "participation" and "consultative management" have concerned relationships within individual face-to-face groups. We have ignored the very serious problems which arise when an effort is made to go one step further and extend participation over an entire organization. This involves having many face-to-face groups work together for a common goal while maintaining their internal democracy.

To put it another way: any organization faces the problem of establishing symbols to which members will react, but most organizations have different symbols for different groups and the symbols themselves often represent the human relations conflicts we observe. The Scanlon Plan represents an attempt to get people at different levels to accept the same goals and respond to the same symbols.

The material written to date[2] has been concerned primarily with describing what happens when the Plan is a success. In this article we review the areas of tension which are likely to reduce the Plan's effectiveness with the hope that fuller understanding may lead towards their elimination.

The authors have engaged in fragmentary field studies in two situations of union-management cooperation. However, this article will be based primarily on an analysis of the literature.

How the Plan Works

Basically the Scanlon Plan consists of 1) a wage formula and 2) a system for processing suggestions and putting them into effect.

The wage formula is designed to distribute the gains of increased productivity proportionally among all employees involved. Although each formula is tailor-made to the needs of the particular company, typically wages are tied to the sales value of goods produced, so that, for example, for every 1% increase in productivity, there is a 1% increase in wages (and salaries). In contrast to usual production-incentive plans, bonuses are paid to the clerical force, salesmen, supervisors and sometimes even top management.

It will be noted that this is really a form of group piecework, covering the entire plant. The bonus is valuable not only as an incentive to productivity, but as a form of feedback or measuring stick by which the success of cooperation can be measured by the participants themselves.[3]

Thus, the Plan provides economic motivation, which is essential in our free enterprise society. Perhaps more important it sets up a system by which employees can participate in making decisions as to how they work.

The key to this is a new form of *suggestion system*. The mechanics are simple: In each department a union production committeeman is elected or appointed by union officers. He and the foreman constitute a departmental *Production Committee* which meets periodically to discuss suggestions made by individual employees as well as to formulate general plans for the improvement of productivity. Suggestions which they turn down or which affect the plant as a whole are referred to a plant-wide *Screening Committee,* which includes top management as well as the leadership of the union.

This differs from the typical suggestion system in a number of ways. Instead of an individual reward for an accepted suggestion, the group gains as a whole through a higher bonus whenever productivity is increased. The union takes an active part, rather than worrying about a speedup. Individuals cooperate with each other in developing suggestions instead of keeping ideas to themselves. Furthermore, when the Plan is most successful, management doesn't passively wait for the union to bring suggestions to it, but itself brings up problems for mutual discussion.

The suggestion system may be likened to an enlarged grievance procedure under which the union may initiate for management in a very broad area. The written suggestion is

1. Mr. Joseph Scanlon who developed the proposals and was instrumental in their installation in a variety of industrial settings recently died. Most recently he was Lecturer in Industrial Relations at the Massachusetts Institute of Technology. We, as a large number of students and friends, owe him an enormous debt for his stimulation and training.

2. See Bibliography, p. 21.

3. In one situation we were particularly impressed by workers' interest in a PEP (Production Efficiency Plan) "thermometer" placed in the cafeteria which showed production to date and the amount required to obtain different levels of bonus.

in many ways similar to the written grievance, the Production Committeeman corresponds roughly to the steward, and the meetings of the Screening Committee are somewhat equivalent to third-stage negotiations between management and the local-wide Grievance Committee. However, the suggestion system relates to every phase of the production task—not just to complaints about contract violations.

This suggestion system is the communications scheme which makes the Plan work. Narrowly conceived, it is merely a formalized means of considering worker proposals for technological change. More broadly viewed, it should result in an unleashing of hidden ideas and energies and a transformation of the factory from a system of bureaucratic-hierarchical control to a system of democratic teamwork and cooperation.

In most of the situations reported, cooperation has brought significant gains for everyone involved. Large numbers of suggestions are made and most of these can be put into effect. Production and wages have increased as much as 50%. Resistance to change drops. Grievances between union and management often almost disappear. A real feeling of teamwork develops between workers and management. At best, there is union and worker participation at every stage of production planning.

Such, then, is the overall picture when the Plan is a success. But what type of social organization is required to achieve this success and how can such organization be obtained? In the sections which follow we propose to raise some critical questions about the effectiveness of suggestion systems as a means of communication and the impact of the Plan on union and management as organizations as well as on the relations among their respective subdivisions. Our knowledge is too limited to draw conclusions; the chief function of this article is to stimulate further inquiry.[4]

The Interaction Pattern Required

Our general point of view is this: a successful Scanlon Plan requires tremendously increased interaction among all levels of union and management as well as major shifts in the pattern this interaction takes. Further, such interaction should be balanced and include all segments of the plant community. Where balance in the number and direction of interactions is not maintained, serious sources of instability arise which may eventually cause the program to fail.

Let's examine three examples of imbalance:

1. *Excessive pressure on the union.* Often the union consents to union-management cooperation only because the company's adverse economic position requires greater productivity and increased work loads.[5]

The union's cooperation consists of a) explaining and passing on information about changes introduced by management

(and by implication rejecting in advance any grievance against them), b) negotiating changes in contractual provisions which hinder production, and c) pressing workers to work harder (this will be discussed later).

To the extent that such initiation by management is not balanced by comparable initiation by the union, severe stresses are created within the union. Members grow antagonistic to a union which appears to be but a branch of management. These feelings can be partially offset but not completely reduced if the union officers do a good job explaining to their members why the changes are being made. Yet, as the Pequot Mills case indicates, even if the union accepts cooperation in order to avert economic disaster, unless the members can express themselves and initiate for management, cooperation will not be accepted for long.

2. *Excessive pressure on management.* In one situation we studied, management was the party which seemed to be getting the brunt of the pressure. The union officers used the plan as a means of expressing their dissatisfaction with management's inefficiency and of seeking to obtain improvements. The union president said "(The Plan) gives us a chance to get things off our chest. We've made a lot of company officers feel small."

If this is carried too far, Screening Committee meetings become devoted primarily to criticisms by the union of management. In situations we have observed, such complaints ranged from "there are too many engineers here; they eat up all the bonus" and "the scheduling department is all loused up; we can't get production out" to "why doesn't management get some more fire extinguishers?" All of these have the same feeling-tone as a typical grievance and some could have been handled as grievances even without the Scanlon Plan.

Where union suggestions are almost entirely critical, it requires unusual maturity on the part of management not to become defensive and reply in kind. Indeed, Screening Committee meetings may resemble those of the Grievance Committee under Armed Truce[6]—that is, individual suggestions are discussed not in terms of their merits but as symbols of the power relationship. In such circumstances, management may reject suggestions merely as a face-saving device.

At first, increased union initiation on management may lead to increased membership initiation on their union and greater activity in all phases in union life. However, as management becomes increasingly resistant to the union, the members themselves may become disillusioned.

3. *Top union and top management alone involved.* There is real danger that cooperation may involve top union and top management alone. In such a case little effort is made to communicate with union members or lower management. The union Screening Committee members act in a "representative" rather than "delegate" role (following terminology used by Jacques, 1951, pp. 179-184). Their commitments do not bind their members. They make little effort

4. There are a number of important questions which we will not consider here. Among these are: whether cooperation and enthusiasm for the Plan can be maintained over long periods of time and through all phases of the business cycle, whether it can be equally successful under all sorts of labor and product market conditions, and the impact of the presence or absence of industry-wide wage patterns.

5. The Pequot Mills Case is a classic example of this—as to a lesser extent is the well-known Union Management Cooperation in the clothing industry in the 1920's. Of course neither were Scanlon Plans. (Slichter, 1941); (Chapple, 1944).

6. The term *Armed Truce*, used by Harbison and Coleman (1952) refers to the early stages of union management relationships in which neither party trusts the other and both sides are preparing for further struggle.

to forestall grievances or to sell their point of view to the rank and file. Management uses the union primarily as a sounding board to test union sentiment.

We would expect Screening Committee meetings to be devoted to highly general and abstract discussions of production problems or of specific issues of only secondary importance such as cafeterias, washrooms, wash-up time, etc. The level of expectation of what the Committee would accomplish would be low. Deep-seated problems would be avoided. Few suggestions of any value would be made by rank and file members. (This seems to be pretty generally the British experience with Joint Consultative Committees, see Scott, 1952). Also, as Committee members become more and more familiar with overall plant problems, they may also become more closely identified with the management point of view and more distant from the rank and file.

With this introduction, let us consider more specifically the impact of the Plan on various segments of the plant community—paying particular attention to the suggestion system.

In our studies of the grievance procedure we found that the formal channels laid down in the contract are often disregarded. In their place a number of informal channels develop, some of which bypass the lower levels. The procedure as a whole operated differently depending on whether overall relations were good or bad, whether the foreman had autonomy, etc. We would expect the same kind of flexibility to occur in the suggestion system.

Impact on the Union

What happens to the union under cooperation? Does it dwindle completely away, as some members fear? Does it now approach all problems with a new feeling of reasonableness, even those which have direct relationship to increasing production—as management hopes? Or are normal collective bargaining functions completely unaffected—as is claimed by union protagonists for the Plan?

If union-management relations have been relatively harmonious prior to the introduction of the Plan, the amount of adjustment required by the union may not be very great. Under such circumstances, grievances have normally been discussed in terms of problem-solving rather than power positions, and management at times has initiated for the union. With the introduction of the Plan, a much broader range of problems is handled, but in practically the same manner.

However, our studies in non-Scanlon situations suggest that as relations between union and management improve, there is some tendency for officers to withdraw from the members and for participation to decline.[7] This may happen under the Scanlon Plan as well. The officers may become so involved in management policy that they are disinclined to push grievances which in many cases attack their own position.[8]

A top company officer of one of the most publicized cases of union-management cooperation reports that each year he grows more concerned that the union is losing its effectiveness. He is worried about the union's failure to process legitimate grievances and its leaders' excessive willingness to share responsibility for unpleasant work load increases and incentive rate cuts. He feels that the union can no longer provide a two-way channel of communication to the worker. For as the union changes its role in the plant, it also sacrifices its ability adequately to commit the membership and to alert management to sore spots in the organization.

Under such circumstances grievances may take on an almost anti-union character. Wildcat strikes and other forms of self-help activity may be the members' form of protest.

Relevant to this, is the role of the union in applying pressure to slack individuals and departments. These were our findings in one case:

Most officers stated that since the main cause of low production was management inefficiency (for instance, poor scheduling), harder work by individuals would not accomplish very much.

Still they felt a considerable amount of responsibility for the Plan and were concerned that a large number of people hadn't made an effort. As one officer said "Those fellows just can't get it through their heads they should work harder." Several officers made pleas to the members at union meetings. For instance, one encouraged people to get to work on time because "All this lateness hurts our Scanlon earnings."

In answer to our questions as to whether they would speak to individuals, one said "Well, you have to be very careful if you do that." (Implying that under circumstances this might be done.) Another said "This is pretty delicate and you have to be very careful how you do it. But after all, a guy is getting paid to do a job. You can go over and perhaps get away with it (asking him to work harder) without being considered a bastard."

In general we would think the role of the officers to be one of ambivalence and conflict. Though they have been more closely involved in the development of the Plan than the rank and file, they realize that in pushing for higher production they run against long established group standards and jeopardize their political position. Also, traditionally their role has been perceived, both by themselves and the membership, as one of fighting rather than cooperation with management.

If the officers are to be successful in changing standards, they must involve the rank and file members in the discussions of Scanlon Plan problems. They must exercise substantial skills in human relations—and if possible be themselves informal leaders. Yet our studies with local unions suggest that union officers frequently are not informal leaders.[9] Further, we would expect the type of individual who would

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7. Cf. Sayles and Strauss, 1953, Ch. 3.

8. Slichter commented on Pequot Mills: "Union-management cooperation turned out to be a process by which the leaders gained such a thorough appreciation of the problems of the company, that proposals which seemed quite unreasonable to the rank and file seemed reasonable to the leaders." (1941, p. 559).

9. The Local President in one situation we studied explained the complicated indirect method of electing committee members on the grounds "We don't want this to become a popularity contest." In other words, he was looking for what we call "administrators," not "informal leaders." (Sayles and Strauss, 1953).

be interested in the technical problems discussed by a Plan committee to be less likely to have the skill in consulting with his men than the informal leader. If this consultation is not carried on, the members may feel under pressure rather than having a sense of participation in the system.

Another question concerns the traditional union functions of collective bargaining and grievance procedure. Joe Scanlon insisted that these should be entirely separate from the Plan and to insure this, he required that union stewards and officers (except for the local president) be excluded from positions on the Production or Screening Committees.

In doing this the union makes a gallant effort to divide itself in half, part maintaining the traditional structure of the local union and the rest fully devoted to cooperative endeavors. The theory is that neither is to intrude on the other. Yet research shows that in non-Scanlon but cooperative relations there is a constant tendency to discuss matters which are not grievances within the strict meaning of the term. It seems impossible to have a sharp separation. This same tendency is observed in the Scanlon situation.

When an attempt is made to separate grievances from suggestions there naturally arises competition between union functionaries handling each type of communication.

> In one local we studied it was agreed that the Screening Committee was "the most important committee we have" and union officers faced a dilemma as to whether to keep their office or to run for a position on one of the Scanlon Committees. The effect was to divide the officers into politically rival groups. The union leader of the Screening Committee was charged with being "more for the Scanlon Plan than the union." A big issue related to whether night foremen should be allowed to relieve men on the machines. The Plan Committeemen defended this, since it would increase production. Their opponents opposed on the traditional union grounds that management should not be allowed to do productive work.
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> There was some evidence that the remaining officers felt somewhat left out of things and were prone to push traditional anti-company grievances as a means of protecting their status. Many of the officers and active union members not connected with the Plan 1) criticized the Plan committee members for not showing greater militancy in unmasking management's incompetence, and 2) were dubious of the Plan's success. The Plan's committeemen defended themselves by arguing 1) that they had in fact exposed this incompetence, and 2) that the Plan was more of a success than its opponents were willing to concede. (In a way, this forced them alternately to attack and defend management).
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> One area of controversy was whether the Plan could be discussed at meetings at all. During the first meeting attended there was some effort by Plan committeemen to prevent any discussion whatsoever. Later the unofficial committee spokesman tried to limit discussion to general policy and to avoid consideration of specific suggestions. Regardless of his efforts, a great deal of time was spent in griping about management inefficiency. Further, there seemed to be something of a competition among Plan committeemen to see who could report greater militancy.

Thus the efforts of the Scanlon Plan committee to keep the meeting from discussing suggestions correspond very closely to that by the Grievance Committee in other locals to keep grievances out of the membership meetings. In both cases the committees fought a losing battle.

Where cooperation is more successful, we would expect union meetings to be less concerned with complaints against management and more with a realistic discussion of production problems. Still it seems to us totally impractical to try to separate the Scanlon Plan from union business.[10] As long as union officers are excluded from the cooperative aspects of the relationship, they will exploit the destructive.

Impact on Management

If anything, management's adjustment to the Plan is more difficult than the union's. Within the union important decisions are usually subject to extensive discussion; union officers are accustomed to rank-and-file objections. On the company side one-man decisions are typical. (Ironically, in many instances, the Plan is introduced without middle or lower management being consulted—which may result in feelings of antagonism towards it.) Yet, if the plan is to be successful there must be far more acceptance by management of democratic and consultative procedures.

Supervisors are accustomed to criticism from above. Now, however, subordinates may question their decisions to their faces, and the adjustment is difficult.

While the typical grievance procedure limits itself to a relatively small range of management activity, with the Plan nearly the whole range of company decision making comes under union scrutiny. We find that the individual who relishes a union leader's job because it gives him an opportunity to use his powers of observation, reasoning, and argument takes a Screening Committee job with the same needs predominating. For him it is quite a thrill to catch a white-collared, suit-coated official in a bad blunder. While managers give efficiency an important place in their scale of values, we wonder how frequently they appreciate such an alert insider who provides a running critique of their activities.

Take the foreman as an example. His attitude is critical. An antagonistic foreman can do much to cut off the flow of suggestions (Dreyer, 1952, p. 243). Suggestions can in fact easily threaten his position (Shultz, 1951). Many call attention to his inefficiencies, or bring forth ideas which he should have thought of himself. By now he may well have become adjusted to union grievances against his personnel policies. However, it requires quite an additional adjustment to accept criticism as to how he handles the production end of his job.

Furthermore, the Plan makes it possible for the union to go over the foreman's head and expose his shortcomings to top management through bringing suggestions directly to the Screening Committee. Even if the suggestion implies no failure on the foreman's part, still by-passing takes the decision-making power out of his hands. In a way the Plan

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10. Here we disagree with McGregor and Knickerbocker (1942, p. 5) who feel that since "it is not possible for management and the union to compete and cooperate at once on the same problem" it is better to separate the two functions. We feel that cooperation and competition are not black and white opposites and that it is possible to have competition within cooperation.

provides an added technique for top management to control and check up on the foreman.

Of course, management has had other techniques for finding out what is happening at the worker-foreman level. Among these are staff activities such as accounting, quality control, safety inspections, and so forth. Yet over time, lower management has been able to develop informal techniques of preventing bad news from being communicated upwards. With the introduction of the Plan the foreman must make similar new arrangements to protect himself. As in the case of grievances, we would expect "deals" between the foreman and union production committeemen to prevent "trouble" from being exposed. (After all, those who criticize the foreman also receive their work assignments from him.)

Top managers too must adjust. They must consult with the union on a much broader range of subjects. Probably, however, a majority of suggestions include matters which would not normally be taken up at their level;[11] consequently, their own decisions are less often questioned. In fact, as suggested, they might find the Screening Committee useful precisely because it provides information which they might not otherwise obtain. And being *top* management they have little fear that the union will tattle on them in turn.

Probably staff (particularly production control) and middle management are most threatened by the Plan. They are subject to the same embarrassment as the foremen, but sit on neither Production nor Screening Committees. As the "little men who aren't there" they can easily become the scapegoats for everyone's troubles. [Of course, good relations can develop between staff and workers, as apparently they have at the La Pointe Machine Tool Company, the best publicized of the Scanlon Plan situations (Whyte, 1955, pp. 178-180)].

We feel that if union-management cooperation is to be successful, top management must be constantly alert to the danger that lower levels of supervision may feel left out (see Jacques, 1951, p. 189), that they will feel that top management listens more attentively to the union than it does to them. (In our researches with non-Scanlon Plan companies we have discovered many incidents where foremen have induced workers to file grievances or suggestions to gain improvements which they were unable to gain themselves through normal channels. Unless channels of communication in internal management are improved, these problems might be even more serious under the Plan.)

Unless management's morale is to decline disastrously, establishment of effective two-way communication between workers and management must be accompanied by equal improvements within management itself.

Impact on Intergroup Relations

One of the disadvantages of traditional incentive plans is that they engender ill-feeling between groups. This is particularly true where the technology of work makes one group's earning possibilities depend on the production of another group, or, where, as is almost inevitable, groups suspect each other of having "loose" rates. (See Whyte, 1955, Chs. 8-9). The Scanlon Plan presumably eliminates the problem of inter-

group rivalry through establishing plant-wide incentives. But does it?

A plant-wide incentive means that each individual's earnings are dependent upon the efforts of the entire plant. Harder work by any one individual will bring him only negligibly higher monetary return. Hopefully, self-satisfaction, a desire for praise from fellow workers, and interest in the group as a whole will be sufficient to elicit high productivity. For this to happen requires a high degree of cohesion and identification with the plant as a whole as well as with the individual department.

How likely is this to occur? The answer depends on a number of factors, including the size, homogeneity, and history of the work force.[12] One thing is certain. There are bound to be some rivalries between groups and constant skill in human relations is required to prevent them from becoming more serious. All the evidence suggests that loyalty is greater to the face-to-face group than to the plant as a whole. We think it is too much to expect that traditional differences between the office and the shop and among various departments in the plant will disappear as soon as cooperation begins.

In fact, we would predict that union-management cooperation might bring greater inter-departmental antagonism.[13] No longer is it possible to unite all departments against the common enemy—management. It is too easy to pass the blame for poor production to another group, for Department X to say "Why should we work hard when Department Y has fallen so far behind?" In one situation we studied, considerable antagonism was expressed against the office group. Production men said "Why should they get a bonus when we are doing all the extra work? They come late to work and no one cares."

Of course, the larger the plant, the greater are the possibilities of dissension, and the more difficult it becomes to maintain support for plant-wide production goals. Indeed it may be questioned whether in larger plants support for a plant-wide goal can be maintained.

Perhaps motivation for the overall goal would be greater were each department also given a goal of its own. Certainly union members with whom we talked were constantly checking on how their department was doing compared to the rest. Even though formal figures were not given, workers were able to develop their own informal indices of success.

Departmental goals might lead to still further problems. If Department A does better than Department B, Depart-

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11. Dreyer's thesis (1953) which includes a complete listing of the suggestions offered in the plant he studied confirms this.

12. We would hypothesize, for instance, that the Plan would be more successful where workers are tied closely together by the flow of work. Where there are sharp technological boundaries between departments and the work of one is relatively independent of the work of others, we would expect less feeling of plant-wide unity. At the other extreme, where the plant is technologically a single unit (as in assembly-line production and certain chemical processes) the efficiency of a single department is hard to measure. As a consequence feedback is difficult and the Plan may suffer.

This suggests that the Plan will be most successful within a rather narrow range of technologies.

13. Still to be investigated is the situation at La Pointe (the best known of the Plans) where some draftsmen and designers tried to break away from the Steelworkers Union to join the American Federation of Technical Engineers and remained with the Steelworkers only after considerable pressure was exerted by management. *La Pointe Machine Tool Company*, 109 NLRB 514 (1954); 113 NLRB 171 (1955).

ment A might ask "Why should we work so hard if Department B goofs off and gets as much bonus as we?" Department B might well reply that their failure was due to lack of cooperation from other departments and to having an excessively high standard.

Furthermore, what happens when one department decides it is working hard enough and other departments put pressure on it to work harder? Will the union leadership seek to get them to agree "voluntarily" to raise their quota through group goal setting? Such "masterminding" seems to be the standard approach of the Soviet state. Although it may be the only way of effectively solving the problem, to us it seems ethically wrong.

Further research is needed to discover the skills used by union and management leaders, in plants where the Plan was successful, to smooth out the inevitable conflicts. However, we believe the success of the Plan will be limited in larger plants unless some method is devised of establishing departmental subgoals and thus harnessing loyalty to the face-to-face group.

Impact Within the Department

It should be emphasized that increased production is possible without workers putting forth any greater physical effort, chiefly through 1) new ways of doing things suggested by workers, 2) less resistance to change, 3) pressure brought by the union against all levels of management for greater efficiency, and 4) greater cooperation among individuals.

In at least one well-known case of union-management cooperation, increases in productivity and bonus earnings have come as a result of *no* measurable increase in worker effort. Management is satisfied to maintain the original bonus formula intact while rapidly introducing labor-saving equipment. Naturally, productivity as measured by this ratio has soared. The rationale for not changing the formula to reflect real worker efforts rather than capital investment has been: "We are satisfied that our plan serves to eliminate any real opposition to labor-saving equipment. We don't have to fight over how many men are going to man a new piece of equipment and the old employees readily accept transfers. In fact, we get demands for new equipment faster than we can afford to put it in."

However, if cooperation is to reach its fullest flower, there must be actual changes in workers' concepts of what they think is a normal day's work. As we know, practically every work group has informal group standards which determine the proper amount of work. The man who produces too much or (in some cases) too little becomes a deviant, if not an outcast. Therefore, we should expect greater individual effort to occur chiefly because of raised standards.

This means:

1) The upper limits to production may be raised and weakened. The worker's goal becomes to surpass, not stay within the quota. [Thus at LaPointe one worker, who had been one of the highest producers before the Plan started, tripled his output after it went into effect, (Shultz and Crisara, 1952).]

2) The lower limit of permissible production may be strengthened and raised. This is another way of saying that pressure might be put on slackers.

3) Along with this, there may be some sort of *implicit* goal setting—that is a general feeling that "We ought to produce more" or even "We ought to produce 15% more." This goal normally provides individual motivation, but it is also a focus around which group pressures can operate. That is, if there is a goal, those who do not cooperate in attaining it may be subject to group displeasure.

Can changes in standards be induced merely through giving rewards for higher production? (See Whyte, 1955, Ch. 12). We think that better results can be obtained through some sort of explicit decision-making process. We suspect, for instance, that insufficient attention has been given to the value of department meetings as a means of getting group acceptance of changed standards.[14] In particular, experiments might be tried in group goal setting.[15]

In any case, with or without goal setting, we believe that good relations within the department are crucial to the general success of the Plan. Only good relations between top union and top management can create the conditions necessary for cooperation and high productivity. There also must be a change in interaction, sentiment, and behavior on the shop level. Key to this are the roles of the production committeeman of the union and the shop foreman.

First let us consider the production committeeman. If he is to make his job a success he must do more than merely sit in on periodic production committee meetings. He should make an active effort to involve others in the suggestion-making process, make regular rounds to collect them, and even encourage group discussions of production problems. If relations are good, the foremen may take part in these discussions. However, where the Plan is a failure, many workers pass the buck for making suggestions to their committeeman and gripes may arise such as "We certainly have a lousy committeeman—there are dozens of possible suggestions he never notices."

In our study of grievances we found that as relations became more friendly and more mature, a smaller and smaller proportion of grievances were put in writing. We might expect to find the same thing with suggestions. Where relations are good, suggestions will be discussed informally between foreman, production committeeman and worker. They will be put in writing only when the suggestion requires approval of higher management—and even here things can be handled informally.

The number of written suggestions handed in should not be considered as a measure of the plan's success or of relative interest in various departments—any more than is the number of grievances an indication of poor union-management relations. In fact, since grievances and suggestions seem to converge, it is rather curious that a large number of suggestions are considered as evidence of *good* relations, but the reverse in the case of grievances.

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14. In one situation the union president told us "We try to avoid departmental meetings because the problems can be better handled in the general membership meeting with everyone there." Our own experience with non-Scanlon situations indicates that department meetings generally have higher attendance and more interest than plant-wide ones.

15. Alex Bavelas has already experimented along these lines. (Maier, 1946, p. 265; Whyte, 1955, Ch. 9).

The role of the foreman has been already discussed. If he is perceived as uncooperative, workers may feel that the Production Committee is entirely useless. Suggestions may take the form of group demands, with committeemen acting as "spokesmen" because individuals are afraid to stick their necks out. The purpose of suggestions under such circumstances is to bring out evidences of inefficiency which can then be brought to the attention of top-level union and management to the embarrassment of lower levels. In fact, we would expect that some workers would bypass Production Committeemen and their foremen altogether and give their suggestions (or more properly gripes) directly to the Screening Committee or to the membership meeting. (There was considerable evidence that this was happening in one of the plants we studied where the Production Committees hardly functioned at all.)

On the other hand, the foreman can take the initiative and present problems on which he needs help directly to the production committee and his men. Conceivably all decisions could be made on the basis of group discussions with the foreman functioning primarily as a discussion leader. Workers would bring their problems directly to him (or to whomever else was in a position to implement a suggestion[16]). The foreman would ask the advice of the group whenever he ran into difficulties. Communication would be two-way as would originations of action. Obviously such a relationship requires foremen and union representatives to make considerable adjustments in their traditional behavior.

Further research is required to discover the skills used by leaders on both sides in the plants where the Plan has been most successful. However, we believe such success depends to a large degree on the establishment of democratic leadership throughout the management hierarchy and particularly on the department level.

Conclusion

From our analysis, we arrive at certain very tentative hypotheses as to the main areas of difficulty. These should be subject to further research. If they are correct, they explain in part why the Plan has been more successful in some situations than others—and why sometimes it has failed.

1. Interaction must be balanced and include all segments of the plant community. The Plan will fail if the union uses it exclusively to vent its gripes, or if management looks upon it as a means to make the workers docile enough to accept a speed-up. Similarly, cooperation will not work if important groups of workers do not participate.

2. Unless the union members are to think their officers have "sold out" there must be considerably more communication between the leadership and the rank-and-file. The local meeting is one form of communication, but informal contacts and departmental meetings may be more effective. Certainly, it may be better not to try to separate union collective bargaining functions completely from the Plan.

3. Within management also, more communication is required. Particular efforts are required to prevent middle management and staff from feeling completely left out. Management in general must become more tolerant of criticism and be willing to look to the union for advice. Certainly if the Plan is looked upon *just* as a means for reducing worker-management conflicts, it is bound to fail. Rather it is a method of bringing such differences out into the open and perhaps resolving them.

4. Particularly in larger plants there is a difficult problem in preventing buckpassing between rival interest groups and maintaining involvement in the overall goal. We fear that as the size of the unit concerned in the Plan increases, the difficulties in maintaining involvement and communication will increase even faster. This may explain why the Plan so far has been adopted chiefly in smaller companies.

5. Cooperation can be too easily confined to the top-union-management level. This means that there must be more cohesion and greater communication within the face-to-face work group and between it and the foreman.

The foreman's whole style of supervision must be changed. He must act far more as a group leader than as a traditional boss. He must ask the group for suggestions, coordinate their replies, and possibly even lead them into group decisions to raise production levels.

Departmental meetings should be used more frequently than in the situations we observed and attempts made to get group goal setting. (Although the authors are acutely aware of the possibility of "manipulation.")

The success of the Plan requires a substantial change in the social organization of the plant and the maintenance of a high level of interaction through all its parts. To do this, skill in human relations of an extremely high order is required.

In many areas our discussion has been almost entirely hypothetical since so little is really known. Further research with the problems of making the Plan work is desirable—not just because the Plan is a promising partial solution to some difficult industrial relations problems—but to increase our knowledge of human organization generally.

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16. Apparently it was quite common at La Pointe to bring problems directly to the staff department concerned. (Shultz and Crisara, 1952, p. 57).

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